# Mah Sing Group (MSGB MK)

## 1Q26: In Line; Active Landbanking Towards 2H26

| | |
|---|---|
| **BUY** (Maintained) | |
| Share Price | RM0.99 |
| Target Price | RM1.42 |
| Upside | +43.4% |

**Analyst(s)**
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## Highlights

- Results are within expectations as 1Q is typically a seasonal weaker quarter. 2Q26 sales have since picked up from the slow season, with management expecting launches to be backloaded in 2H26.
- Raw material cost headwinds are manageable for now, with net margin to be impacted by a mild 1ppt decline for new projects, assuming prices are maintained.
- Maintain BUY with an unchanged target price of RM1.42.

### 1Q26 Results

| Year to 31 Dec (RMm) | 1Q26 (RMm) | 4Q25 (RMm) | 1Q25 (RMm) | qoq % chg | yoy % chg |
|---|---|---|---|---|---|
| Revenue | 563.1 | 665.0 | 649.7 | (15.3) | (13.3) |
| Property | 460.6 | 533.7 | 521.0 | (13.7) | (11.6) |
| Plastics | 89.4 | 117.3 | 113.0 | (23.7) | (20.9) |
| Operating profit | 111.1 | 224.8 | 108.8 | (50.6) | 2.1 |
| Property | 108.6 | 202.3 | 103.4 | (46.3) | 5.1 |
| Plastic | (1.6) | 0.8 | (1.3) | (291.6) | 16.0 |
| Pretax profit | 93.1 | 99.7 | 91.4 | (6.6) | 1.8 |
| PATAMI | 68.1 | 61.8 | 66.0 | 10.2 | 3.1 |
| Core PATAMI | 68.0 | 50.7 | 63.5 | 34.2 | 7.1 |
| Margin | | | | ppt | ppt |
| Property EBIT (%) | 23.6 | 37.9 | 19.8 | (14.3) | 3.7 |
| PBT (%) | 16.5 | 15.0 | 14.1 | 1.5 | 2.5 |
| Core (%) | 12.1 | 9.3 | 10.2 | 2.8 | 1.9 |

*Source: Mah Sing Group, UOB Kay Hian*

## Analysis

- **In line.** Mah Sing Group (Mah Sing) recorded a 1Q26 core net profit of RM68m (+34% qoq, +7% yoy) on the back of revenue of RM563m (-15% qoq, -13% yoy). The results accounted for 24% and 23% of our and consensus full-year forecasts respectively, which we deem in line. Unbilled sales rose to RM3.33b as of end-Mar 26 (vs RM3.2b as of end-Dec 25).
- **Margins expanded due to cost savings from completed projects.** Core PATAMI margin increased 2.3ppt yoy to 12.1% in 1Q26, mainly thanks to higher EBIT margin from the property segment (+3.7ppt yoy to 23.6%) due to cost savings from completed projects during the quarter including M Astra and M Senyum.

### Key Financials

| Year to 31 Dec (RMm) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 2,520 | 2,517 | 2,840 | 2,998 | 3,179 |
| EBITDA | 442 | 503 | 510 | 566 | 620 |
| Operating profit | 392 | 441 | 466 | 502 | 535 |
| Net profit (rep./act.) | 241 | 260 | 287 | 308 | 328 |
| Net profit (adj.) | 241 | 274 | 287 | 308 | 328 |
| EPS (sen) | 9.6 | 10.7 | 11.2 | 12.0 | 12.8 |
| PE (x) | 10.3 | 9.2 | 8.8 | 8.2 | 7.7 |
| P/B (x) | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| EV/EBITDA (x) | 7.0 | 6.9 | 7.2 | 6.8 | 6.4 |
| Dividend yield (%) | 4.5 | 5.1 | 5.6 | 6.0 | 6.4 |
| Net margin (%) | 9.6 | 10.9 | 10.1 | 10.3 | 10.3 |
| Net debt/(cash) to equity (%) | 16.0 | 25.8 | 28.8 | 30.5 | 32.6 |
| Interest cover (x) | 8.1 | 8.6 | 7.8 | 7.7 | 7.7 |
| ROE (%) | 6.5 | 7.3 | 7.4 | 7.8 | 8.1 |
| Consensus net profit | | | 290 | 305 | 317 |
| UOBKH/Consensus (x) | | | 1.0 | 1.0 | 1.0 |

*Source: Mah Sing Group, Bloomberg, UOB Kay Hian*

### Stock Data

| | |
|---|---|
| GICS sector | Real Estate |
| Bloomberg ticker: | MSGB MK |
| Shares issued (m): | 2,560.1 |
| Market cap (RMm): | 2,713.7 |
| Market cap (US$m): | 690.4 |
| 3-mth avg daily t'over (US$m): | 1.9 |

### Price Performance (%)

| 52-week high/low | | | | RM1.29/RM0.925 |
|---|---|---|---|---|
| 1mth | 3mth | 6mth | 1yr | YTD |
| 3.9 | (7.8) | 3.9 | (8.6) | 9.8 |

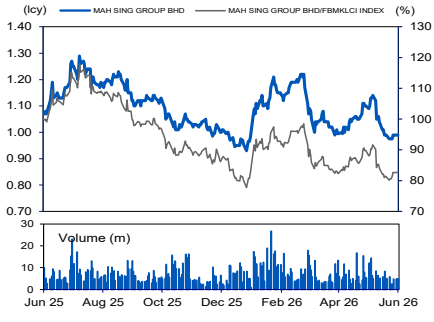
### Major Shareholders

| | % |
|---|---|
| Mayang Teratai | 32.5 |
| Amanah Saham Nasional | 7.5 |
| Bank of Singapore | 6.05 |

### Balance Sheet Metrics

| | |
|---|---|
| FY26F NAV/Share (RM) | 1.65 |
| FY26F Net Debt/Share (RM) | 0.48 |

### Price Chart




*Source: Bloomberg*

### Company Description

One of the leading property developers in Malaysia, famous for its quick turnaround strategy.

- **Sales tracking broadly in line.** 5M26 property sales were slightly soft at RM978m (-3% yoy), tracking at 35% of its full-year target of RM2.76b. While 1Q26 was rather soft, Mah Sing noted that sales momentum has since picked up in 2Q26, and we expect launches and sales to ramp up in the coming quarters. 5M26 launches stood at RM1.39b, with remaining RM2.06b to come from M Mira, M Hana, Corus Hotel Site, M Cora, M Tiara, and MS Industrial Park @ Kulai.
- **Margin impact appears manageable for now.** In relation to the industry-wide cost hikes, management has conducted a stress test assuming the original launch price alongside upcoming contract prices. Overall, it expects the impact to be manageable for now with a net margin deviation of about 1ppt for the new projects.
- **Industrial park in Kulai on track for launch by end-3Q26 or 4Q26.** MS Industrial Park at Kulai is on track to launch after Sep 26, after shareholders' approval for the related party acquisition. The development will comprise cluster factories and outright industrial land sales (including land sales to data centre). The company targets domestic and foreign clients, including players in the halal, F&B, medical related industries.
- **Semenyih land acquisition still pending EPU clearance.** Separately, the proposed Semenyih land acquisition for M Legasi 2 remains pending Economic Planning Unit (EPU) approval. Management also indicated that it intends to be more active in landbanking in 2H26, focusing on both residential and industrial land in the Klang Valley and Johor. Its strategy will include acquiring land from non-bumi vendors, as well as exploring JVs with bumi companies.

## Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM1.42.** Our SOTP-based target price implies 0.9x 2026F P/B (10-year mean: 0.7x) and 12.7x 2026F PE, at its 10-year mean.

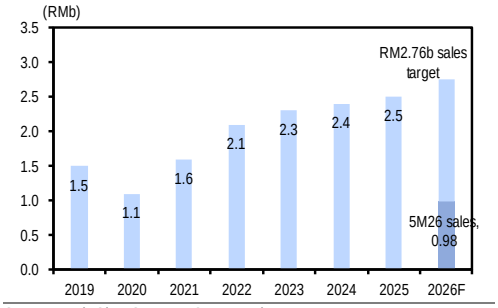
## Earnings Revision/Risk

- We maintain our 2026 earnings forecast and tweaked our 2027/28 earnings estimates by -3%/-5% respectively for housekeeping purposes.

## Environmental, Social, Governance (ESG)

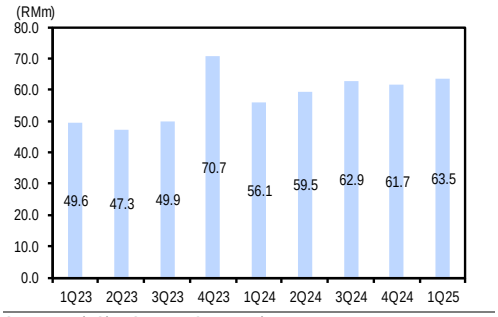
- **Environmental** – Awarded GreenRE Bronze certification for M Minori, M Panora, M Astra and others.
- **Social** – M Adora completed 2,200,000 man-hours without any incidents.
- **Governance** – Good company transparency along with an anti-bribery and anti-corruption policy.

**Sales Trend (RMm)**



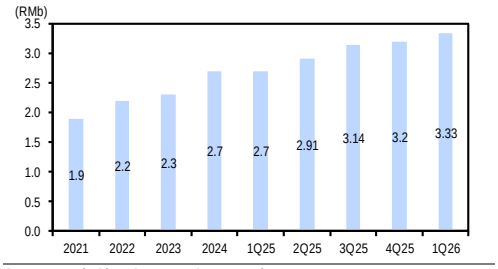

*Source: Mah Sing Group, UOB Kay Hian*

**Quarterly Core Net Profit Trends (RMm)**




*Source: Mah Sing Group, UOB Kay Hian*

**Unbilled Sales (RMm)**




*Source: Mah Sing Group, UOB Kay Hian*

## Profit & Loss

| Year to 31 Dec (RMm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Net turnover | 2,517 | 2,840 | 2,998 | 3,179 |
| EBITDA | 503 | 510 | 566 | 620 |
| Deprec. & amort. | (61) | (44) | (64) | (84) |
| EBIT | 441 | 466 | 502 | 535 |
| Associate contributions | 48 | 41 | 45 | 43 |
| Net interest income/(expense) | (59) | (66) | (73) | (80) |
| Pre-tax profit | 383 | 401 | 429 | 455 |
| Tax | (105) | (96) | (103) | (109) |
| Minorities | (18) | (18) | (18) | (18) |
| Net profit | 260 | 287 | 308 | 328 |
| Net profit (adj.) | 274 | 287 | 308 | 328 |

## Balance Sheet

| Year to 31 Dec (RMm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 3,273 | 3,655 | 4,041 | 4,433 |
| Other LT assets | 489 | 489 | 489 | 489 |
| Cash/ST investment | 1,211 | 1,255 | 1,355 | 1,440 |
| Other current assets | 3,090 | 3,216 | 3,284 | 3,356 |
| Total assets | 8,063 | 8,615 | 9,169 | 9,718 |
| ST debt | 333 | 333 | 333 | 333 |
| Other current liabilities | 1,600 | 1,770 | 1,907 | 2,015 |
| LT debt | 1,930 | 2,143 | 2,368 | 2,606 |
| Other LT liabilities | 99 | 99 | 99 | 99 |
| Shareholders' equity | 4,069 | 4,233 | 4,409 | 4,595 |
| Minority interest | 18 | 36 | 54 | 71 |
| Total liabilities & equity | 8,063 | 8,615 | 9,169 | 9,718 |

## Cash Flow

| Year to 31 Dec (RMm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Operating | 387 | 458 | 532 | 546 |
| Pre-tax profit | 383 | 401 | 429 | 455 |
| Tax | (105) | (96) | (103) | (109) |
| Deprec. & amort. | (61) | (44) | (64) | (84) |
| Associates | - | - | - | - |
| Working capital changes | 504 | 44 | 68 | 36 |
| Non-cash items | 59 | 66 | 73 | 80 |
| Other operating cashflows | (392) | 87 | 128 | 169 |
| Investing | (621) | (407) | (431) | (458) |
| Capex (growth) | (640) | (426) | (450) | (477) |
| Others | 19 | 19 | 19 | 19 |
| Financing | 346 | 6 | (0) | (3) |
| Dividend payments | (159) | (141) | (152) | (161) |
| Issue of shares | - | - | - | - |
| Proceeds from borrowings | 286 | 213 | 225 | 238 |
| Others/interest paid | 219 | (66) | (73) | (80) |
| Net cash inflow (outflow) | 112 | 57 | 100 | 85 |
| Beginning cash & cash equivalent | 1,347 | 1,211 | 1,255 | 1,355 |
| Ending cash & cash equivalent | 1,211 | 1,255 | 1,355 | 1,440 |

## Key Metrics

| Year to 31 Dec (%) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Profitability | | | | |
| EBITDA margin | 20.0 | 18.0 | 18.9 | 19.5 |
| Pre-tax margin | 15.2 | 14.1 | 14.3 | 14.3 |
| Net margin | 10.9 | 10.1 | 10.3 | 10.3 |
| ROA | 5.2 | 5.8 | 6.0 | 6.3 |
| ROE | 7.3 | 7.4 | 7.8 | 8.1 |
| | | | | |
| Growth | | | | |
| Turnover | (0.1) | 12.9 | 5.6 | 6.0 |
| EBITDA | 13.8 | 1.5 | 11.0 | 9.5 |
| Pre-tax profit | 12.7 | 5.6 | 7.7 | 6.6 |
| Net profit | 8.0 | 10.3 | 7.4 | 6.4 |
| Net profit (adj.) | 13.6 | 4.7 | 7.4 | 6.4 |
| EPS | 11.9 | 4.7 | 7.4 | 6.4 |
| | | | | |
| Leverage | | | | |
| Debt to total capital | 55.4 | 58.0 | 60.5 | 63.0 |
| Debt to equity | 55.6 | 58.5 | 61.3 | 64.0 |
| Net debt/(cash) to equity | 25.8 | 28.8 | 30.5 | 32.6 |
| Interest cover (x) | 8.6 | 7.8 | 7.7 | 7.7 |

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